Auction on Demand

The **A2X Auction on Demand** is a pre-trade transparent intraday auction where Members can enter limit orders or midpoint pegged orders referencing the combined best bid and offer of A2X + Primary Best Bid and Offer (APBBO). The AoD takes place on a separate order book with the same MIC code - A2XX.

An AoD is triggered when a valid order is entered into the AoD book. Each auction lasts up to 550ms. (500ms duration + 50ms random uncrossing).

> How AoD works

The AoD starts when a valid order is entered. At this point the lit auction process begins. Unmatched resting orders are not broadcast. Whenever an order enters the AoD and triggers a new auction, a message is published to show that an auction has been triggered. The indicative price and indicative volume are then displayed in real time. Trades are published after the uncrossing of the auction.

> Key features

> Ability to price improve
Choice of standard limit orders and midpoint pegged orders with limit, allowing price improvement. Executions can occur mid-tick.

> Choice of order validity
Day orders will be rolled into the next auction phase if a residual quantity remains. Orders with a validity of GFA (Good For Auction) will expire after the first AoD instance they participate in.
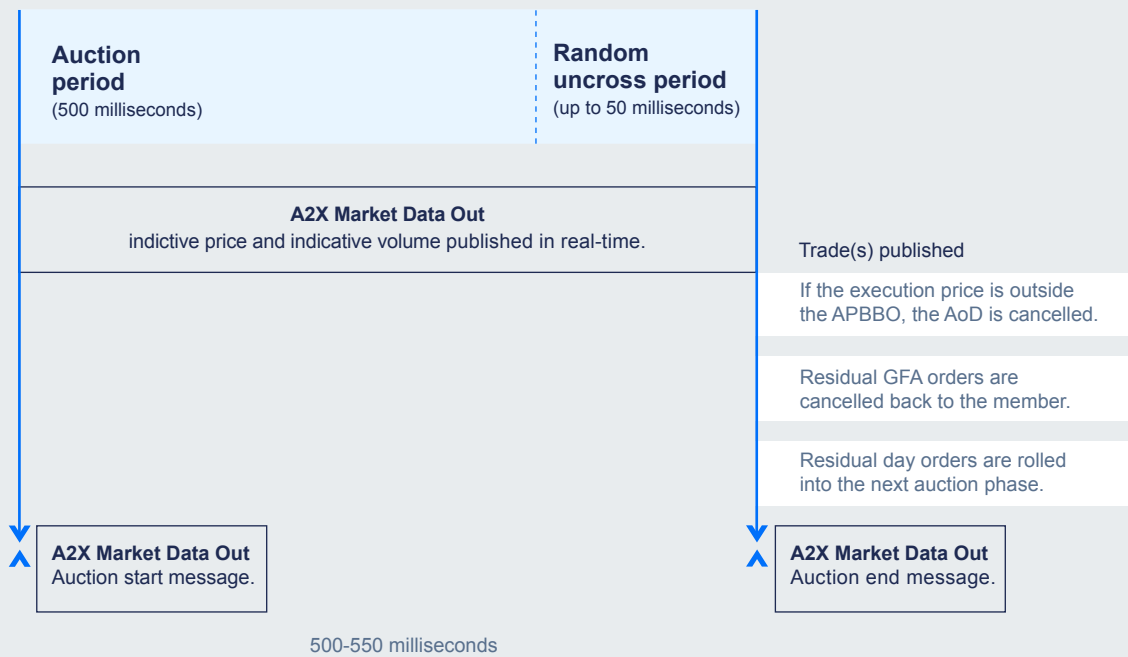
> Order quantity
Orders sent to the AoD can be in any size and are not subject to minimum amounts. AoD also supports the ability to specify a Minimum Acceptable Quantity. Orders with a minimum quantity can execute against multiple orders.

How AoD works

◆ AoD triggered by valid limit or midpoint pegged order entry ◆ Auction ends, orders uncross

Auction period (500 milliseconds)	**Random uncross period** (up to 50 milliseconds)

A2X Market Data Out
indictive price and indicative volume published in real-time.

Trade(s) published

If the execution price is outside the APBBO, the AoD is cancelled.

Residual GFA orders are cancelled back to the member.

Residual day orders are rolled into the next auction phase.

A2X Market Data Out
Auction start message.

A2X Market Data Out
Auction end message.

500-550 milliseconds

AoD orders are matched on (member)/price/size/time priority. The AoD is designed to maximise volume, and the auction price is based on all orders entered during the auction. Pegged orders are priced at the APBBO and repriced whenever the APBBO moves. If the midpoint of the APBBO falls outside the limit set by the Member, the order will not be eligible for execution.

Auction process

The matching process considers all eligible Limit and Pegged orders, and applies the following logic

> **1. Maximise execution**

Orders are executed at the price which maximises the execution volume during the uncrossing period.

> **2. Minimise surplus**

If there is more than one price candidate in (1), the uncrossing price is the one which minimises the surplus of unmatched order volume.

> **3. Market pressure**

If there is more than one price candidate in (2), the uncrossing price is determined by the market trend to buy/sell i.e. if there is more demand to buy the stock, the auction executes at the higher uncrossing price.

> **4. Tie-breaker**

If there is more than one price candidate in (3), the earliest price candidate discovered in (2) is used.

Member priority applies once the price has been formed. The execution price must be within the APBBO at the end of the auction period.

At the end of the auction period, residual orders with a validity type of GFA are cancelled. Residual day orders are rolled into the next auction call phase. This process repeats until there are no orders on the order book.

Post trade

AoD trades are cleared in the same manner as A2X on-book trades.

Sign-up for our quarterly newsletter click here.